

**PALM VALLEY CITY COUNCIL
MINUTES
SPECIAL MEETING
AUGUST 29, 2017**

The City Council of the City of Palm Valley met in a Special Meeting on the 29th day of August 2017 at 6:00 p.m. at 1313 N. Stuart Place Road, Palm Valley, Texas. The meeting was attended by the following persons:

Mayor George Rivera

Councilmembers: John Widger, Debe Wright, Cynthia Thompson, Paul Powers
Julie Martin

City Attorney: Jason Mann
City Secretary – Sylvia R. Trevino

Staff: Chief A. R. Garcia
Rosendo Flores, Waterworks Supervisor

- 1) CALL TO ORDER**
- 2) PLEDGE OF ALLEGIANCE** – Led by Mayor Rivera.
- 3) PUBLIC COMMENTS - None**

At this time, Mayor Rivera asked for a moment of silence for the victims of Hurricane Harvey.

(Taking the items out of order, Mayor Rivera proceeded to Item #7)

7) VARIANCE GRANTED TO THE BUILDING REGULATIONS ORDINANCE NO. 2015-3 REQUESTED BY HARRY REYNOLDS AS IT RELATES TO THE INSTALLATION OF A FENCE AT 5633 BYRON NELSON DRIVE

Mayor Rivera stated that he had gone to the site to see where the fence would be installed and explained that it will go behind a group of shrubs that will not even be visible from the street.

Jonathan Reynolds, the son of the applicant Harry Reynolds, added that the reason for the fence is for a dog run. The fence would extend past the southern side of the home but will be completely hidden from view due to the shrubbery. The variance is being requested because a very large mature tree is in the line of sight of the southern side wall of the home so that the

fence must be located approximately 3 ft. north or south of the tree trunk as it would be very expensive to remove the tree.

Luis Ramos, the City's Building Inspector, stated that he would not have any objection.

Mr. Reynolds stated that the fence height would be about 4 ft. but certainly less than 6 ft.

Councilman Powers made a motion to grant the variance as long as Mr. Reynolds complies with the height requirements as stated in the ordinance.

Councilwoman Thompson seconded the motion.

Mayor Rivera took the votes and the motion carried unanimously by those present.

4) PUBLIC HEARING HELD TO HEAR COMMENTS FOR OR AGAINST THE PROPOSED BUDGET FOR FISCAL YEAR 2017-18

Mayor Rivera declared the public hearing open.

Referring to a power point presentation, Councilman Widger explained the contents of the proposed budget for fiscal year 2017-18. He summarized the significant changes from last year's budget to this fiscal year's budget:

- 1) The proposed tax increase of the effective property tax rate by 8% which is equal to the rollback rate. The new rate would be \$0.4811118/\$100 valuation while the current rate is \$0.452541/\$100. This results in an approximate tax increase of \$28.58 per \$100,000 of property value. He noted the last tax increase was in 2014 for fiscal year 2015. This tax rate increase will generate about \$42,000 in additional tax revenue ---\$45,236 if new property is also included. If the property tax rate is left at \$0.452541, then the increased value of property and new property would still generate \$11,231 in increased tax revenue.
- 2) Sales tax revenue – as approved by the voters in the May election, the budgeted sales tax revenue is budgeted at \$100,000 going from 1% to 2% rate increase. The first payment distribution to the City will not be received until November.
- 3) Parks and Recreation budget – increased from \$7,500 last fiscal year to \$10,000 this new fiscal year although the request from the Parks and Recreation Board was for \$21,200.
- 4) Public Works payroll – has doubled. The proposed budget proposes moving a current employee from the Water Department to Public Works. Therefore, the worker's comp insurance and health insurance also increase. This move is to help the existing employee in the streets department.
- 5) Capital expenses (Administration) -- New outdoor sign and exterior painting/repairs to City Hall; a police vehicle with the caveat that one vehicle (old) is sold before purchasing a new one; a concrete saw and road seal coat sprayer for the Street Department was proposed. However, the Council made a decision to allocate \$100,000 to seal coat the streets by whatever method is best. Estimates obtained a couple of years ago ranged from \$120,000 to \$253,400 to seal coat 1.2 million sq. ft. of street surface.

Councilman Widger pointed out that one thing to keep in mind is that the City's revenue is mostly from property taxes. The franchise fees continue to decrease, especially AT&T due to elimination of landlines. The sales tax has reached its maximum rate that it can be increased. Noting a deficit of \$15,096 in the City budget at the end of the fiscal year, Councilman Widger stated that this shortfall would be covered from the reserves. Although the City is trying to build up a reserve, the seal coating project will use the money immediately.

Mayor Rivera pointed out that the deficit would not hold throughout the year because the numbers are very conservative.

Councilman Widger noted that the last tax increase was for FY 15 and this increase will not take effect until 2018.

Councilman Widger continued to explain the City budget and commented that the administration payroll consists of (2) Full Time employees and (1) part timer; \$6,000 budgeted in the Police budget is for vests but 1/2 is expected to come from a grant; State Court costs expects revenue of \$40,000 but at least \$25,000 of that will go to the State.

Continuing with the Water Budget, Councilman Widger noted that 98% income to this budget is from what is on the residents' water bill. The variable is the water sales that depend on whether it is a dry or wet year. Regarding the water treatment line item, Councilman Widger explained that this is from the Harlingen Waterworks and is not a 1 to 1 expense. The City pays for more water than is sold to customers because of losses due to water leaks and flushing of fire hydrants.

Noting the ending balance, Councilman Widger stated there is \$58,000 income over expenses and this would add to the reserves.

Councilman Widger proceeded with the 5-year budget that reflects projections into the next five years. These are only predicted amounts and are based on income/expenses through July of 2017. The final numbers will be from the audit that is conducted for FY 2016-17. The numbers shown are not keeping up with inflation. The City is falling behind in the long term.

There being no comments from the audience, Mayor Rivera declared the public hearing closed.

5) ACTION ON THE PROPOSED BUDGET FOR FISCAL YEAR 2017-18 TABLED.

Councilman Powers made a motion to approve the budget as proposed.
Councilwoman Wright seconded the motion.

Councilman Widger explained that the budget could not be approved at this time. A vote is required by law but that vote could be to table the item because the law requires that the

budget be approved before the adoption of the tax rate which will not occur until the September 5th meeting.

Councilman Widger made a motion to rescind the previous motion.

Councilman Powers seconded the motion.

The motion carried unanimously by those present.

Councilman Powers made a motion to table action on the budget until the September 5th meeting.

Councilman Widger seconded the motion.

Mayor Rivera took the votes and the motion carried unanimously by those present.

6) 2nd PUBLIC HEARING HELD ON THE PROPOSED TAX RATE INCREASE

Mayor Rivera declared the public hearing open.

Charles Ramsey reiterated that he is not against the increase; however, some capital improvements have been cancelled such as the street lights program and the beautification program which was ongoing. He commented that the tax increase should be put to a vote by the voters rather than just through the Council.

Councilman Widger pointed out that a tax increase was proposed last year but was voted down by the City Council based on citizens' comments that were made at the public hearings.

Lora Boyd, a local resident, asked about the street lighting program.

Mayor Rivera explained that the City went through a program of budgeting funds for streets lights in the community. This past year four street lights were budgeted but only two were installed. The property owners for the remaining two chose not to have street lights at their locations. For the most part, most of the City is pretty well lit, having installed already a total of approximately 20-22 new lights throughout the community. That is why this program is on hold for now.

Charles Ramsey commented that the property owners cannot refuse to have a light on their property because the light poles are located on the City's easement. It was explained to Mr. Ramsey that AEP requires signed easement agreements from the property owners to protect themselves from liability.

Councilman Widger commented that there are some cul-de-sacs that require lighting and the budget could be amended during the year to add more lighting.

There being no further comments Mayor Rivera declared the public hearing closed.

8) DISCUSSION HELD REGARDING THE DESIGNATION OF CITY'S RESERVES FOR SPECIFIC PURPOSES/FUTURE CAPITAL PROJECTS

Jason Mann, City Attorney, explained that the Local Government Code allows for the creation of a special fund by ordinance and prevents future Councils from using the funds for other expenses other than what is specified in the ordinance. Those funds can only be spent for those specific expenses.

Mayor Rivera commented that there are pros and cons and he likes the idea of a special fund, however, it would be an injustice if this Council chose to freeze up those funds preventing future Council to use them.

Councilman Widger pointed out this new fund could also add extra work to staff to keep up with the accounting part.

Councilman Powers made a motion to table this item until the October meeting.

Councilwoman Wright seconded the motion.

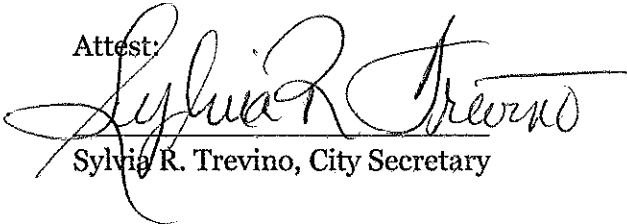
Mayor Rivera took the votes and the motion carried unanimously by those present.

There being no further business, the meeting adjourned at 7:00 p.m. upon a motion by Councilman Powers and seconded by Councilwoman Thompson.



George Rivera, Mayor

Attest:



Sylvia R. Trevino, City Secretary